WeeklyMarket Update

General Market News

- With the Federal Open Market Committee (FOMC) heading into its November meeting this week, consensus expectations point to a likely rate hike of 75 basis points (bps). As rates continue rising, we're starting to see more market participants voice their concern that the Federal Reserve (Fed) may be going too far and/or too fast. Fed Chair Jerome Powell has seen an uptick in political pressure with calls to ease up on hikes, but hasn't revealed any signs of bending as he aims to maintain the independence of the central bank and bring inflation down considerably. His words will be closely monitored at the post-meeting press conference on Wednesday, looking for indications of how the rate path may progress from there. U.S. Treasury yields were down across the curve last week. The 2-year, 5-year, 10-year, and 30-year dropped 25 bps (to 4.27 percent), 32 bps (to 4.16 percent), 21 bps (to 4.01 percent), and 21 bps (to 4.13 percent), respectively.

- Equity markets moved higher despite a rough week of earnings for a number of FAANG names. Meta Platforms (META), Amazon (AMZN), and Alphabet (GOOGL) all reported earnings and sold off to various degrees despite mixed results. The worst of the three was Metaverse (META), which was down 23.7 percent, with the stock missing operating profit expectations as it continues to invest heavily into building out its alternative and virtual reality platforms. The company remains in a very difficult and costly transitional phase from traditional social media to this new, interactive environment. Amazon also reported and, while the numbers came in a bit light, the biggest news was softer fourth-quarter/holiday season sales guidance—down roughly 7 percent on the consumer side—and lower Amazon Web Services profitability—down 13.3 percent. Alphabet (GOOGL) also reported a large earnings per share (EPS) miss of roughly 15 percent below expectations as YouTube came in weaker than expected amid an advertising spend slowdown. Finally, last week's positive news came via Apple (AAPL), which beat revenue and EPS slightly on higher-than-expected MAC revenue despite softer iPhone sales volume.

- Last week's data provided insight into the health of both the consumer and the overall economy. Tuesday saw the release of the Conference Board Consumer Confidence Index for September. Consumer confidence declined by more than expected during the month, breaking a streak of two consecutive months with rising confidence.

- On Thursday, the preliminary estimates for durable goods orders and third-quarter GDP were released. Both headline and core durable goods orders came in below expectations in September, signaling slowing business spending. The GDP report showed that the economy rebounded and grew during the third quarter, following a 0.6 percent decline in the second quarter. This better-than-expected result was driven by improvements for international trade, as exports surged while imports slowed.

- Finally, Friday saw the release of the personal spending and personal Income reports for September. Both personal income and spending increased, marking two consecutive months with strong spending growth and signaling continued strength for the American consumer.

Market Index Performance Data

EQUITIES

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	3.97	8.90	−17.09	−13.97
Nasdaq Composite	2.25	5.02	−28.59	−27.82
DJIA	5.72	14.52	−8.06	−6.38
MSCI EAFE	4.13	5.30	−23.23	−23.05
MSCI Emerging Markets	−2.24	−3.40	−29.64	−31.24
Russell 2000	6.02	11.01	−16.85	−18.54

Source: Bloomberg, as of October 28, 2022

FIXED INCOME

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	−0.88	−15.36	−15.33
U.S. Treasury	−1.08	−14.03	−13.81
U.S. Mortgages	−0.72	−14.28	−14.43
Municipal Bond	−0.93	−12.95	−12.06

Source: Morningstar Direct, as of October 28, 2022

What to Look Forward To

This week will see the release of data related to the consumer and overall health of the US economy. Tuesday will see the release of the ISM Manufacturing index for October. Manufacturer confidence is expected to decline modestly during the month yet remain in expansionary territory. On Wednesday, the FOMC meeting rate decision will provide insight into the future path of rates.

Thursday will see the ISM Services index for October. Service sector confidence is also expected to decline modestly in October, which would mark two consecutive months with declining service sector confidence.

Finally, Friday will see the release of the employment report reports for October. The pace of hiring is set to slow again in October; however, even with the anticipated slowdown, hiring is expected to remain solid on a historical basis.